

House Insurance Committee

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HB 5876

Testimony by

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Chairman Lund and members of the committee, thank you for the opportunity to speak to you today.

Health plans and pharmacy benefit managers, coordinate prescription drug programs that support cost containment and improved quality. Development and management of a pharmacy provider network is critical to successfully providing access to needed medications. As health plans, we are grateful for the exceptional service that our participating pharmacies provide to our members.

Pharmacy provider contracts include terms of participation and reimbursement that are agreed upon by the payor and pharmacy, however there are many more layers to the contracting and credentialing process. Regulatory agencies require health plans to routinely review restricted provider lists and to perform due diligence when considering a provider for participation. Other plan-imposed requirements may include the following:

- An application process that discloses owner and pharmacist-in-charge information
- Attestations regarding any exclusion from participation in government programs
- A review of business, pharmacy and pharmacist-in-charge licenses and if applicable, requests for details of sanctions or license actions
- Current general and pharmacist liability insurance
- Background checks for all owners and pharmacists
- Verification that a legitimate and active pharmacy business exists
- Pharmacy billing review

The decision to contract with a pharmacy provider may be influenced by one or all of the elements just mentioned. As pharmacy director for a health plan, I can attest to the importance of consistently performing a similar process for vetting pharmacy applicants and I would like to share two recent examples where we declined applicants based on our findings.

In the first case, we received an application from a pharmacy and subsequently reviewed Medicare Part D pharmacy claims billed by that pharmacy for our members. Unusual repeated billing patterns for the same drug in different strengths for the same member raised concerns. Follow up with the member and physician confirmed that the drug was not ordered in both strengths and we notified the pharmacy that we were declining their provider request. This case also included a concerning pattern of license sanctions and actions taken by the State Board of Pharmacy.

In the second example, we received an application for a pharmacy that was newly purchased by the owners of an existing pharmacy provider. As is our practice, we reviewed the existing provider's claims data and identified multiple series of prescriptions numbers. The applicant pharmacy appeared to be using the billing access number for the existing provider in the amount of over \$150,000. As a result, the applicant pharmacy will not be allowed in our network and the existing pharmacy will be terminated from our network.

These are but two examples of the reasons why plans need the flexibility to manage the makeup of their pharmacy network. There are many instances of pharmacies and pharmacists that have significant license actions, civil or criminal cases, evidence of potential fraud, and missing or inactive pharmacies. As stewards of the healthcare dollars that we manage, it is our responsibility to ensure access to legitimate pharmacy services of the highest quality.

Thank you for your time.